2008/2009 : Report 2

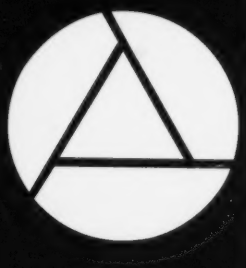
OFFICE OF THE
Auditor General
of British Columbia

Strengthening Accountability in British Columbia

Trends and Opportunities in Performance Reporting

April 2008

2008/2009 : Report 2



OFFICE OF THE

Auditor General of British Columbia

Strengthening Accountability in British Columbia

Trends and Opportunities in Performance Reporting

April 2008

Library and Archives Canada Cataloguing in Publication Data

British Columbia. Office of the Auditor General.

Strengthening accountability in British Columbia : trends and opportunities in performance reporting

(Report ; 2008/2009: 2)

ISBN 978-0-7726-5971-2

1. Finance, Public - British Columbia - Auditing.
2. Finance, Public - British Columbia - Accounting.
3. Administrative agencies - British Columbia - Auditing.
4. Government productivity - British Columbia - Evaluation. I. Title. II. Series: British Columbia. Office of the Auditor General. Report ; 2008/2009: 2.

HJ9921.Z9B74 2008 352.4'3909711 C2008-960078-9

OFFICE OF THE
Auditor General
of British Columbia

LOCATION:
8 Bastion Square
Victoria, British Columbia
V8V 1X4

OFFICE HOURS:
Monday to Friday
8:30 a.m. — 4:30 p.m.

TELEPHONE:
250 387-6803
Toll free through Enquiry BC at: 1 800 663-7867
In Vancouver dial 660-2421

FAX: 250 387-1230

E-MAIL: bcauditor@bcauditor.com

WEBSITE:
This report and others are available at our Website, which also contains further information about the Office: www.bcauditor.com

REPRODUCING:
Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our Office with authorship when any information, results or recommendations are used.

OFFICE OF THE
Auditor General
of British Columbia

8 Bastion Square
Victoria, British Columbia
Canada V8V 1X4
Telephone: 250 387-6803
Facsimile: 250 387-1230
Website: http://bcauditor.com

The Honourable Bill Barisoff
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my 2008/2009 Report 2: Strengthening Accountability in British Columbia: Trends and Opportunities in Performance Reporting.

John Doyle, MBA, CA
Auditor General of British Columbia

Victoria, British Columbia
April 2008

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

Table of Contents

Auditor General's Comments 1

Executive Summary 3

Response from Government 9

The Importance of Accountability 13

Trends: Progress to Date 15

- Preconditions for the success of performance reporting 16
  - Publishing of performance results is a legal requirement 16
  - Standards of reporting are accepted by both the preparers and the users of information 16
  - Organizations have the capacity to produce and to use relevant and reliable performance data 17
- The quality of performance reporting over time 19
  - The BC Reporting Principles have been only partially incorporated 21
  - Profiling success 26
  - Cross-government reporting lags 27
  - Crown agency accountability stronger, ministry reporting improves but lags behind 28

Opportunities: The Road Ahead 31

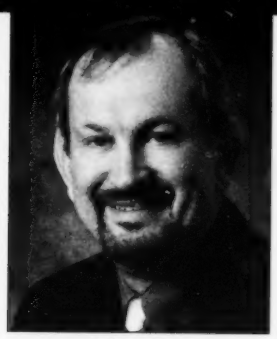
- Require accountability by all government organizations 31
- Make more use of performance reports 32
- Provide readers with more assurance 34

Looking Ahead: Continuing to Lead 37

Summary of Recommendations 39

Appendix 41

Auditor General's Comments



John Doyle
Auditor General

Over the last two decades my predecessors have recommended improved public sector accountability across all of government. In my recent discussions with legislators they have confirmed that they are looking for high quality, transparent reporting that informs them of the government's intentions and the actual results achieved.

This report summarizes British Columbia's progress so far. In short, a lot has been accomplished, but progress has been uneven.

Those Crown agencies' annual reports we assessed now meet most, if not all, of the requirements of the BC Reporting Principles. I commend the individual Crown agencies that have taken it upon themselves to present comprehensive performance information to the public. However, none of the ministry reports assessed meets the standard envisioned in the BC Reporting Principles.

The passage of the Budget Transparency and Accountability Act in 2000 marked a major turning point in the evolution of performance reporting and accountability in British Columbia. With this legislation, the province became one of the first with a statutory requirement for government to inform the public about what it plans to achieve, and what it actually achieved. This Act established the first essential precondition for the success of accountability: a legislative requirement to report.

Progress has been made, but government's Annual Strategic Plan Report and the annual reports for most ministries continue to fall short of the standard envisaged. The government's response, included at the end of this report includes the following:

"The government remains fully committed to continuous improvement in public performance reporting to enhance transparency and accountability to the public, consistent with the Budget Transparency and Accountability Act (BTAA) requirements and the guidance provided in the BC Reporting Principles."

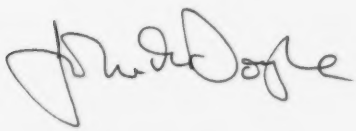
The BC Reporting Principles were endorsed by legislators in 2003—it is time for a shift from learning to performing. This would include insisting that the annual reports of all government entities comply with the BC Reporting Principles.

Auditor General's Comments

In relation to government's response I have two observations:

- I strongly believe that producing public reports and tabling them in the Legislative Assembly without debate and discussion is not, in itself, enough. Legislators need the opportunity to discuss and debate the information contained in the annual reports.
- Governments are only truly accountable to the people they serve when they provide full, fair, relevant and reliable information. Third-party assurance about the quality of the information provided gives confidence to the users of that information.

My office sees performance reporting as a critical tool for legislators and the public to hold government to account. In line with this stance, we will continue to focus on this area and promote good governance and accountability through performance reporting.



John Doyle, MBA, CA
Auditor General of British Columbia

Victoria, British Columbia
April 2008

Audit Team

Malcolm Gaston, Assistant Auditor General

Susan Jennings, Assistant Auditor General

Michael Macdonnell, Director

Reed Early, Project Leader

Robert Easton, Project Leader

Executive Summary

For over a decade the Office of the Auditor General has advocated better government accountability. Our first report on the topic, issued jointly with the Council of Deputy Ministers in 1995, recommended the development of a comprehensive accountability framework and suggested the basis for such a framework. Over the intervening years the Office's view concerning the importance of public accountability has changed little.

Fulsome accountability means government fully and fairly reports on its financial and operational performance in two main areas:

- Financial results
  - How much public money it plans to collect and spend—the Budget.
  - How much public money was actually collected and spent in relation to the budget—the Public Accounts.
- Performance (operational) results
  - The results it plans to achieve—the Service Plan.
  - The results it actually achieved in relation to the service plan—the Annual Report.

There has been considerable progress in both areas since the mid-1990's. British Columbia's financial reporting is now strong. For the last three years, for example, we have concluded that the Province's financial statements are fairly presented in accordance with generally accepted accounting principles.

The requirement to report on performance, however, is much newer, and is still being implemented. Successful implementation requires three essential preconditions be met.

1. *Requirements, enshrined in legislation, to publish performance results.*

This was largely achieved in 2000 with the introduction of the Budget Transparency and Accountability Act (BTAA). The BTAA requires government organizations and government as a whole to produce service plans and annual reports. However, the legislation could be improved by requiring reports to be prepared using a generally accepted basis of preparation, as the BTAA requires for the financial statements of government. While a legislative amendment would enshrine this requirement most firmly, we recognize that performance reporting standards are still evolving and it is too early to recommend a legislative amendment.

2. *Standards of reporting accepted by both the preparers and users of information.*

The BTAA provides only limited guidance concerning the contents of service plans and annual reports. To flesh out expectations for public reporting, government, working with the Auditor General, developed the BC Reporting Principles. The principles were endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts, on behalf of information users. British Columbia has been well ahead of the curve in this respect. National performance reporting standards are just emerging.

3. *Capacity to produce and use relevant and reliable performance data.*

Our experience suggests it is next to impossible to produce meaningful accountability information for an external audience if an organization does not routinely produce relevant and reliable performance data internally to manage its operations. It appears many government organizations, especially the ministries of central government, continue to be challenged in this area. Progress will only be made when organizations develop the capacity to measure and use key performance metrics.

This Office has assessed the quality of accountability reporting in BC every year since the BTAA was introduced. During this time, we took a graduated approach to assessing the quality of reporting, knowing that it would take time for organizations to adapt. Our reports in the Building Better Reports series were intended to facilitate the development of good reporting by all organizations in government. After seven years of working with the BTAA's accountability requirements, we believe it is now time to take stock of the progress to date and the opportunities that remain.

Given that all the preconditions for success have not been met, it is not surprising that some parts of government continue to struggle with performance reporting. No ministry has yet issued a report that meets the standard envisioned in the BC Reporting Principles. Nonetheless, there has been significant progress in providing comprehensive reports on operational performance by Crown agencies. While we would prefer to see comprehensive reporting from all of government, we are encouraged by the successes to date in the Crown agency sector and its continuing trend toward stronger reporting.

Given the limitations in the underlying data ministries compile, it may be some time before ministries are in a position to publish comprehensive performance reports.

Further opportunities to improve accountability remain. Health authorities and school districts are responsible for delivering a very significant proportion of government services to the public, but are not covered under the BTAA's provisions. We think any branch of government that is responsible for providing services to the public should be fully accountable for the work it does and the results it achieves.

If the accountability framework is to function, information, once provided, must also be used. To date, the use of performance reports has been mixed. There is evidence to suggest service plans are being well used by legislators but annual reports, an accounting of actual results in relation to these plans, are not. We believe increased assurance about the relevance and reliability of such information would help reinforce public confidence in annual reports, and may result in increased usage of this information.

Thank you for providing government with the opportunity to respond to the Office of the Auditor General's report "Strengthening Accountability in British Columbia: Trends and Opportunities in Performance Reporting."

The government remains fully committed to continuous improvement in public performance reporting to enhance transparency and accountability to the public, consistent with the Budget Transparency and Accountability Act (BTAA) requirements and the guidance provided in the BC Reporting Principles.

Government agrees with the Office of the Auditor General's comments that considerable progress has been made in the quality of annual performance reports since the BTAA requirements first came into force in 2000. Both ministry and crown corporation reporting has improved, and many crown corporation reports now meet most, if not all, the requirements of the BC Reporting Principles. While the Office of the Auditor General acknowledges the Province is a leader in this field, and the quality of its reporting is relatively strong compared to other organizations, government agrees that it should continue to make vigorous efforts to make reporting more transparent, relevant and useful to the public and stakeholders.

With respect to the specific recommendations from the Office of the Auditor General, government offers the following comments:

1. Relevant and reliable short- and long-term measures of performance. Government agrees that ministries should have in place relevant short and long term measures that are supported by reliable data collection systems. This is the case already in a number of organizations. Measurement of the impact or outcomes of ministry activities is challenging due to the sometimes intangible, long- term nature of the services provided, as well as the diverse range of integrated programs and service delivery methods. Government will continue its efforts to improve the relevance of the performance measures in its reports, to make them more conducive to assessing whether long term goals are being met, in an efficient and effective manner. Continued efforts will also take place to ensure underlying systems are in place to provide the required data and support timely analysis.

2. Enhancing Government's Strategic Plan and Strategic Plan Report. Government agrees that the government-wide Strategic Plan and Strategic Plan Report should be consistent with the BC Reporting Principles and be linked, where necessary, to ministry and crown corporation reporting. Government already discloses the performance of organizations within the overall package of government reporting entity plans and reports. Collectively this package sets out government's planned strategic, financial and non-financial performance expectations, and what results have been achieved against those plans.

3. Compliance of service plans and annual reports with the BC Reporting Principles. The Annual Report and Service Plan Guidelines used by ministries and crown corporations to develop their plans and reports incorporate the BC Reporting Principles. Government will continue to improve the quality of its plans and reports consistent with the learning model introduced by the Office of the Auditor General. Government is striving to achieve having the "fundamentals in place" for more organizations and principles. When recognizing that performance reporting standards are still evolving, it is too early to require full compliance. Government will continue to work with the Office of the Auditor General as the principles evolve.

4. Performance reporting by health authorities, school districts, colleges and universities. Government agrees that health authorities, school districts, colleges and universities should have similar accountability requirements for their planned and actual performance as the ministries and crown corporations of government. The performance of these systems is currently planned and reported through the Ministries of Health, Education and Advanced Education respectively In addition, all of the health authorities now produce annual service plans, which are made available to the public on their respective websites. Incorporating extended reporting across the SUCH sector will take considerable time, care and effort.

5. Legislator's scrutiny of the planned and actual performance of all organizations in the government reporting entity. Government believes legislators already have an opportunity to scrutinize government's service plans and

service plan reports as they are tabled in the Legislature under the Budget Transparency and Accountability Act, copies are provided to all Members of the Legislature, and they are made public. The draft report acknowledges that in the case of crown corporations, review already occurs at the Select Standing Committee on Crown Corporations. Any need to change the legislative processes is best addressed by members of the Legislature.

The report comments that while service plans are being well used by Legislators, service plan reports are not. The Office of the Auditor General asserts that increased assurance about the relevance and reliability of the reports would help reinforce public confidence in them, and may result in increased usage. Government continues to be of the view that it is most cost effective to provide described assurance—that is descriptions of data sources, data quality, information and management control systems, and the basis of management's confidence in the report. Government remains concerned about the usefulness, cost and time involved in moving to third party corroborated assurance of information reliability and relevance.

Government acknowledges that to continuously improve ministry and crown corporation service plans and annual reports is an ongoing effort. Government continues to research and adopt best practices and move towards having the BC Reporting Principles "fundamentals in place" in more government reporting entity organizations.

We thank the Office of the Auditor General for their comments and suggestions for improving government's performance reporting. We are confident the cooperative and sustained effort by government and the Office of the Auditor General will continue to keep British Columbia at the forefront of public performance reporting.

We live in an age of increased scepticism. Whether it is the corporate failures of Enron, WorldCom and LiveEnt or government failures such as water management in Walkerton, federal sponsorship funding in Quebec or here in British Columbia, the 1996 "fudget-budget", public confidence in both public and private institutions has been shaken. These crises have prompted increased demand for accountability. Whether organizations are publicly traded or part of government, citizens and shareholders are now asking the same basic questions of management: What did you plan on doing? Did you do it? Why should we believe you?

This in turn means that questioning, measuring, monitoring and reporting of performance have become an increasing focus for private enterprises and government organizations. Ontario's Bill 198[1] and the better known Sarbanes-Oxley Act in the United States both require public companies to improve their accountability information. In British Columbia, the Budget Process Review Panel issued a report in 1999, *Credibility, Transparency and Accountability – Improving the BC Budget Process*, containing similar recommendations, one of which was improving government's accountability for results. In acting on these recommendations, government introduced the Budget Transparency and Accountability Act (BTAA).

It really is exciting to those of us, I think, who understand what it means to government's relationship with the general public. To me, what we're doing here is developing slowly — or rebuilding, let's say — more trust and confidence between the general public and government. To me, that's what this is about — providing information to the public that they, over time, will know they can rely upon and trust. I think this will generate more confidence in their public institutions and, I dare say, maybe someday even the politicians.

- Bill Bennett, former Deputy Chair, Select Standing Committee on Public Accounts, October 2003

The BTAA has been endorsed by all parties of the Legislative Assembly. First introduced under a New Democratic Party administration in 2000, it was confirmed and amended by a Liberal administration in 2001 and again in 2004.

To enable organizations to fulfill the spirit and intent of the BTAA, the Legislative Assembly's Select Standing Committee on Public Accounts asked government to work with the Office of the Auditor General to develop the BC Reporting Principles. These principles pick up where the BTAA leaves off, providing organizations with a greater level of detail on how to be fully accountable. Most importantly, the BC Reporting Principles established a common understanding among government, legislators and auditors on the kind of information that reports should contain and the desired quality of that information. The principles call for a reporting, in tangible terms, of the results government seeks to attain, its progress in doing so and the cost of these efforts.

[1] Bill 198, 2002, "An Act to implement Budget measures and other initiatives of the Government".

The BC Reporting Principles

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgements

This focus on operational results makes government accountability different from the financial reporting required of companies. Unlike in a corporation, where success can be measured by the impact on the bottom line, the success of government programs cannot usually be measured in dollars alone. Roads are built and maintained, health care is delivered, children are educated—these are just some examples of the diverse objectives of government. In the public sector, dollars are an input to the equation, not the end product. And yet financial results are traditionally what governments have reported.

Clearly, then, governments are only truly accountable to the people they serve when they provide full, fair, relevant and reliable information about their intentions and the results they have achieved.

In the seven years since the introduction of the BTAA, there has been much progress in accountability reporting. Before the BTAA, some organizations, such as the Ministry of Forests and the BC Lottery Corporation, had specific, legislated accountability obligations, but no consistent reporting requirements existed government-wide. Annual reports rarely contained relevant performance information to allow legislators and the public to understand how well organizations performed. Many of these reports were visually appealing, but lacked substantive information.

The BTAA fundamentally changed the accountability landscape. It requires all ministries and Crown agencies to issue annually a service plan for the coming three years and an annual report detailing their success against their plans.

The Auditor General has assessed the quality of a large sample of those reports each year since they were first issued for the 2000/01 fiscal year. (For more information about trends in our assessments, see the section "The Auditor General's Assessments over Time".) In general, we have observed steady progress in the quality of reporting by Crown agencies. Almost all Crown agency reports provide significant accountability information, and most are very close to meeting all of the BC Reporting Principles.[2]

The same cannot be said about the reports of ministries. We have seen a growing disparity develop between the quality of reporting by Crown agencies and ministries. The slow progress ministries made at the outset has not significantly changed.

Understanding the three preconditions for success in performance reporting—described below—may help explain why ministries continue to lag behind.

[2] We have not assessed the reliability of information for most reports, as described under Principle 7 of the BC Reporting Principles (Present Credible Information, Fairly Interpreted), but we have considered other elements of this principle, such as understandability and relevance.

Preconditions for the success of performance reporting

Publishing of performance results is a legal requirement

The passage of the BTAA in 2000 marked a major turning point in the evolution of performance reporting and accountability in British Columbia. With this legislation, the province became one of the first with a statutory requirement for government to inform the public about what it plans to achieve and what it actually achieved in relation to the plan: The BTAA established the first essential precondition for the success of accountability: a legislative requirement to report.

Standards of reporting are accepted by both the preparers and the users of information

A legislative requirement to report publicly is important because it compels government organizations to publish accountability information. However, the BTAA does not describe how that should be done.

In anticipation of the BTAA's implementation, we performed a baseline assessment of the quality of annual reports in 2001, *Building Better Reports: Public Performance Reporting Practices in British Columbia*. In response to our report, the Legislative Assembly's Select Standing Committee on Public Accounts (often referred to simply as the Public Account Committee, or PAC) recommended that government, working with our Office, develop a set of performance reporting principles.

The committee formed in response to this recommendation presented, in November 2003, the BC Reporting Principles. This framework for performance reporting was unanimously endorsed by the PAC as a basis for service plan and annual service plan report guidance and assessment. We were pleased to participate in a process that drew in participants from a broad cross-section of ministries and Crown agencies and we continue to be proud of the result.

What we accomplished in this province was well ahead of what had been done anywhere else. No other jurisdiction we know of (in Canada or the world) had developed a common understanding among information preparers, users and auditors about what good

public performance reporting should look like. Only now, four years later, has performance reporting guidance been issued on a national level by the Canadian Institute of Chartered Accountants (CICA). The CICA's Statement of Recommended Practice for performance reporting by public sector organizations, while not identical to the BC Reporting Principles, is consistent with them. Over time, we expect national guidance to supplant the provincial reporting principles, but the similarity between the two does not, in our view, make this transition urgent.

Organizations have the capacity to produce and to use relevant and reliable performance data

[The BTAA] is also about government planning and reporting. It will no longer be business as usual for government ministries and Crown corporations in British Columbia... The key requirement of these plans is that they lay out expected results. Budgets, of necessity, focus on inputs — how many dollars, how many personnel. Performance plans require a focus on results. The bill then requires a public reporting of those results. They will spell out for all British Columbians exactly what was undertaken and what was achieved.

– Paul Ramsey, former Minister of Finance, on second reading of the BTAA, June 2000

The first two preconditions, establishing a requirement to report and a framework for doing so, have been set from *outside* organizations. The third precondition for successful performance reporting is *internal* within organizations, and means that an organization mush be able both to produce and use data to monitor performance.

Results-based management means focusing less on inputs, processes and activities and more on outputs and outcomes that will benefit citizens. For more than a decade, governments in many jurisdictions have adopted (or are striving to adopt) this approach.

Effective implementation of results-focused public performance reporting, as now required under the BTAA, assumes that an organization will do its business differently, not only externally but also internally.[3] Management's shift towards an emphasis on the results of government policies and programs lays the groundwork for subsequent accountability reporting. It is challenging to produce meaningful accountability information for an external audience if management does not already produce and use performance data to gauge internally the success of its operations on an ongoing basis.

However, despite general agreement about the benefits of results-based management, actual progress in implementing it has been mixed.[4] Our understanding is that government has not actively invested in systems to produce good performance data, measuring instead what is most readily available. We take no issue with starting by measuring that which is most readily available—but

[3] Hansard, 4th Session of the 36th Parliament, June 5, 2000, p. 16177.

[4] See Auditor General of BC Report "Building Momentum for Results Based Management", February 2005.

"simple to measure" should not, in the long-run, dictate what performance measures an organization selects or the way it manages its program success.

Performance measurement can seem deceptively easy if thought of just as measuring volumes: applications processed, patients seen by doctors, or students graduating, for example. But these simple measures of government's output do not tell us whether services were delivered efficiently and effectively nor do they tell us whether government's long-term goals are being met.

We readily acknowledge that measuring the impact of government programs can be challenging, however. Much of what is produced in the ministries of central government is policy-oriented, and thus somewhat intangible—rather than product-oriented. Furthermore, the value and full impact of a program can often only be evaluated with considerable hindsight. One of the challenges of any government is how best to incrementally measure and publicly report short-term results in a forward-looking manner, when the full impacts may not be known for a generation. This suggests to us the need for an evaluation of long-term impacts and public discussion of why government should continue to spend taxpayer money on programs where benefits cannot be articulated.

Recommendation 1

We recommend that each ministry focus on developing short- and long-term measures of performance that have enduring relevance. In developing these measures, consideration should be given to how reliable data will be collected and results will be analyzed in a timely way.

The relevance and reliability of performance data will be an area of increased focus for our Office in the future. After spending considerable effort over the past seven years looking at the end product (government's performance management and accountability reports), our efforts will shift to focus more on the quality of information underlying that reporting.

The quality of performance reporting over time

As noted above, our Office has assessed the quality of performance reporting across government every year since the BTAA was introduced. We published these assessments in the *Building Better Reports* series, issued between 2001 and 2006. Our goal in those early days was to give government and legislators objective feedback on how well government was progressing in its commitment to provide fair, comprehensive information on its performance. We also wanted to encourage organizations to progress in providing good quality information year after year. To that end, we made our assessments and our methodology available to any organization that wanted them.

We used a "learning model" process to assess the quality of reporting because many organizations were new to results-based management and performance reporting; we wanted our approach to appropriately reflect this. We hoped organizations would experiment and learn how best to manage and report. However, at some point our emphasis had to shift from learning to performing, and it seems now is a good time to make this transition and take stock of progress.

Exhibit 1 summarizes our assessments of a number of ministry and Crown agency reports over the last six years.[5,6] As the graphs show, results have been mixed.

Crown agencies have shown steady progress year over year. Their annual reports now meet most, if not all, of the requirements of the BC Reporting Principles. We commend the individual Crown agencies that have taken it upon themselves to present comprehensive performance information to the public. Particularly strong are the reports of the BC Assessment Authority, the BC Housing Management Commission, BC Hydro and Power Authority, the BC Lottery Corporation and the Columbia Power Corporation.

---

[5] Sample selection was biased towards larger ministries and Crown agencies having the greatest impact on the largest number of British Columbians, and is not intended to be a statistically valid representation of all organizations in each group.

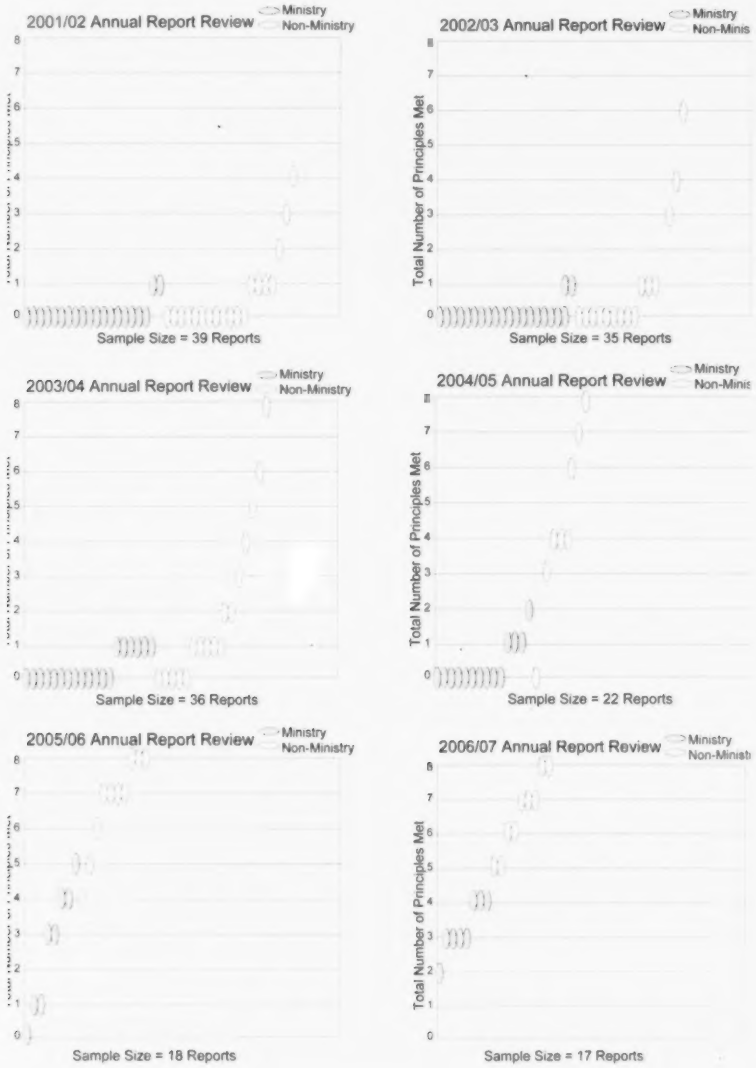
[6] Included in these summaries is our assessment of the annual report of WorkSafeBC, a public sector agency providing significant service to the British Columbians but is outside of the General Reporting Entity.

Trends: Progress to Date

As Exhibit 1 shows, the quality of ministry reports has improved, but progress has been slow. For example, in 2006/07, the weakest Crown agency reports are still stronger than the best reports from the ministries.

Exhibit 1:

Trends in Performance Reporting, 2001/02–2006/07



Graphs include report results of the Building Better Reports series and other assessments.

The BC Reporting Principles have three stated objectives:

- To support an open and accountable government—one that clearly communicates to the public what government strives to achieve and what it actually achieves.
- To provide a framework for learning organizations—that is, to clarify reporting requirements and expectations, encourage sound reporting and build on best practices in public reporting.
- To assist those who use performance information to understand the basis on which the performance reports are prepared and to assess the quality of the reporting they receive.

Given the results above, it is unclear if these objectives have been achieved.

Summarized below are trends in the quality of reporting over the last seven years, as depicted at Exhibit 1.

The BC Reporting Principles have been only partially incorporated

The BC Reporting Principles are presented as eight discrete elements of good public performance reporting, but in reality all eight principles link to one another. In our assessments, we tried to identify root issues within individual principles so that we did not unfairly mark a report down more than once for the same deficiency. Even so, in reality, success or failure in one principle usually has impacts on one or more of the others.

Principle 1

The results to date suggest some principles are easier to incorporate than others. Principle 1—Explain the Public Purpose Served should be one of the easiest of the eight principles to incorporate. It simply requires organizations to explain their purpose, what they do, who they serve and how they are organized to serve. Until recently, however, several ministries struggled with these aspects of reporting. Fortunately, most ministries—and all Crown agencies—now adequately explain, in a way understandable to an external audience, the public purpose they serve.

Principles 2, 3 and 8

Principle 2—Link Goals and Results and Principle 3—Focus on the Few, Critical Aspects of Performance are also being reported well. Principle 2 asks organizations to report on their performance management framework, including the organization's:

- mission – the organization's purpose (linked to Principle 1);
- vision and goals – what the organization wants to achieve now and in the future;
- strategies – work that is done now to achieve future goals; and
- performance measures – data used to determine if goals are being achieved.

Principle 3 puts a constraint on Principle 2, requiring organizations to focus on those areas that are most important to explaining performance. In the early years, some reports contained as many as 60 performance measures. Over time, however, organizations have come to realize that a performance measure does not need to be reported for each program administered. While there is no one correct number of performance measures, there should not be so many that readers are overwhelmed and there should not be so few that reports lack substance. The right number of measures will depend on the diversity of programs delivered, the programs' complexity, and the ease with which the programs can be measured. Leading organizations in British Columbia tend to report about 12.

Of course, counting the number of performance measures reported says nothing about their quality. In reality, it is up to each organization to explain why it has chosen the performance measures it reports on and why they are relevant. This is a key element in Principle 8—Disclose the Basis for Key Reporting Judgements, as is management's description of why the data that is reported is reliable.

The results of our assessments suggest that Principle 8 continues to be the most challenging principle to incorporate. It is missed more than any other principle by Crown agencies, and no ministry has met it yet. This may seem surprising given that most organizations are meeting Principle 2. However, publishing a performance management framework, especially a summary report for the public, does not necessarily mean an organization is managing for results. We have observed that organizations

find it difficult to explain why certain measures are important to understanding performance if those measures are not being actively used to manage. Part of our ongoing work program in the accountability area will look at the quality of systems underlying reported performance so that we will be in a better position to comment on the link between Principles 2 and 8.

Principle 4

Principle 4 requires organizations to "Relate Results to Risk and Capacity." Risk covers a wide range of issues both within and outside an organization that could impact on performance. Capacity refers to an organization's ability to manage its risks: both the downside risk—the potential for failing to meet targets—and the upside risk—the potential for failing to take advantage of unforeseen opportunities. Leading organizations integrate risk and capacity issues into their discussions of performance results. Doing this requires a level of sophistication in risk assessment. We recognize that many organizations lack this, but we expect organizations to be able, at a minimum, to enumerate key risk issues and their responses to them.

It is in regard to this principle that the guidance provided to ministries for the preparation of service plans and annual reports has diverged most greatly from the BC Reporting Principles over the years. The guidelines have not prohibited mention of the issue, but neither have they steered ministries towards fulsome reporting of risk and capacity. For example, the guidance to ministries for their 2003/2004 annual reports noted that ministries "may relate results to risk and capacity at a high level."[7] Not only was this a significant departure from the detailed criteria in Principle 4, it suggested reporting in this area was optional. In the following year the guidance was changed to require reporting on risk and capacity, "at a high level... commenting briefly on how the major external and internal risks and the ministry's capacity influence the achievement of intended results"[8] as well as in relation to changes in goals and the achievement of targets. These changes represented a considerable improvement over the previous year, but were still short of fulfilling Principle 4's detailed criteria.

[7] "Guidelines for Ministry 2003/04 Annual Service Plan Report," Planning and Estimates Branch, Treasury Board Staff, Ministry of Finance, pg 16

[8] "Guidelines for Ministry 2004/05 Annual Service Plan Report", Service Planning and Reporting Support, pg. 11

Ministries in particular seem to find it difficult to describe the risk of certain circumstances. Given the sensitive nature of some of the services government provides in the areas of social services and health, for example, we appreciate that risk can be challenging to discuss publicly. Nonetheless, risk management is an essential part of business leadership.

A significant challenge for any government manager is making do with the resources provided. There is no such thing as unlimited capacity. However, when the success of government performance is measured in terms of services delivered rather than dollars spent, a more convincing case can be made for securing increased resources. Many choices are sensitive and challenging to explain, but that is exactly why government organizations should clearly explain the capacity choices they have made.

We recognize that, in reporting on capacity in an open and transparent way, organizations will face critical judgement as to whether they have too few or too many resources. But we believe this is the point of reporting on capacity: to ensure either that an organization is sufficiently supported to achieve its intended results or that its intended results are reasonable given the organization's capacity.

Clearly, risk and capacity are sensitive topics. Ministries should expect support and guidance from central agencies on how to more completely report on them. Accordingly, the guidelines issued in March 2007 for reporting on 2006/07 performance were far more fulsome in relation to Principle 4.

Principle 7

Our assessments have not addressed Principle 7—Present Credible Information Fairly Presented. To do so adequately requires us to examine the reliability of information within individual organizations, something we have done with only a few organizations. We have reported on the quality of information at three organizations as part of providing independent assurance on the quality of their reports: WorkSafeBC, the Public Guardian and Trustee, and the BC Assessment Authority. In each case, we concluded that the information the organization provided fully met the requirements of Principle 7.

Recently, as part of one of our performance audits, we examined the quality of data contained in the annual report of the Industry Training Authority. We will be reporting the results of this work soon, and are considering the potential for doing more of this work in future.

Principle 5

Principle 5—Link Resources, Strategies and Results is closely related to the issue of capacity. This principle requires organizations to describe the results achieved in terms of the resources expended. This not only speaks to the resource choices that have been made, but also to the efficiency with which resources were used—the output for a given quantity of input.

We have been told by some organizations that they lack the information to accurately link dollars to outputs. Our response to this is that efficiency can be addressed in a number of ways in addition to volume per dollar. For example, output can also be measured in terms of human capital, output over time, or turnaround time (depending on what is being measured).

This is another area where Crown agencies have consistently outperformed ministries, and where we believe there have been inconsistencies between the BC Reporting Principles and the guidance provided to ministries.

Principle 6

Up to this point we have highlighted a number of areas where public performance reporting can improve. However, examining the trend under this principle brings into focus that, while there remains considerable room for improvement, public performance reporting in British Columbia is still very good relative to many other jurisdictions.

Principle 6—Provide Comparative Information requires organizations to compare current performance to historical trends and to the performance of other organizations. Organizations with well established measures, Crown agencies in particular, tend to report performance trends. However, some organizations are challenged in this area because their performance measures change often, so they have no historical information against which to compare current performance. The bigger challenge, however, is that there are few industry standards for measuring non-financial performance and only a small number of Canadian organizations in other provinces that publish meaningful performance data. This makes comparisons difficult for a number of organizations. In time, as more jurisdictions embrace accountability and industry standards develop, this circumstance should change. Meanwhile, until more comparative information is publicly available, we encourage ministries and Crown agencies to provide information comparing their current performance to their past performance.

Profiling success

An analysis of the reports from 2005/06 showed marked differences between the top nine reports and the bottom nine.

	Top 9[a]	Bottom 9
Average number of performance measures	15	27
Percentage performance targets met	68%	55%
Percentage performance targets not met	27%	20%
Percentage results reported as "no data available"	5%	25%
Percentage reports with evidence of assurance	44%	0%

[a] This analysis also includes the reports of WorkSafeBC and the Public Guardian and Trustee, two public sector organizations that are neither ministries nor Crown agencies.

The top nine organizations report about half the number of performance measures as the bottom nine—proving that having more measures does not necessarily result in a better report. Adopting measures that matter is what is important. The top nine meet their performance targets at a slightly higher rate than the bottom nine do. It may be that the leading organizations have more mature performance management structures and have made performance measuring integral to the way they manage—which means they therefore have fewer instances of "no data available."

At the same time, however, the top nine also *miss* their targets at a higher rate than do the bottom nine. This could be because they make greater use of challenging targets (often referred to as stretch targets) to motivate staff to higher levels of performance.

Leading organizations also tend to report their results more clearly. For example, rather than employing opaque terminology such as "substantially met" leading reports tend to state simply whether targets have or have not been met and explain variances, either positive or negative, in the context of what happened. They also explain how they plan to go forward, such as what corrective actions they will take where targets were missed or how targets will be revised upward where the bar has been set too low.

Almost half of the leading reports provide some form of assurance about the relevance and reliability of the information reported. None of the bottom nine do. Assurance is a process that adds credibility and can take many forms. Examples include the work of internal audit departments, the implementation of internal controls, or the provision of independent assurance from third-party auditors. Assurance is a leading-edge practice in performance management and reporting that we hope more organizations will embrace in future.

What is assurance?

Assurance has two parts. The first relates to assurance provided to readers about the relevance and reliability of reported information. The second part flows from the first: it is the confidence information users derive from that assurance. Assurance is important because readers cannot reasonably be expected to make use of results information unless they have confidence in its relevance and reliability.

Cross-government reporting lags

With this second report, the government is seeking a transformation of the relationship between British Columbians and their government. This Annual Report is part of a process in which the government will become increasingly accountable to its citizens by focussing on results for all of its activities. Of course, as always, the challenge is to meet our operational and development goals while keeping our financial position sound and stable... This Annual Report identifies areas where British Columbia is performing well. For example, British Columbians are amongst the healthiest and most highly educated in Canada. The document also identifies opportunities for improvement, as well as actions the Government is taking to address those issues.

– 2002/03 Government Annual Strategic Plan Report

Just as ministries and Crown agencies are required under the BTAA to publish financial and operational information, government as a whole is required to report annually on its financial and operational performance in a "Strategic Plan Report".

In assessing the quality of the Annual Strategic Plan Report, we had expected government's performance information to: reflect the efforts of individual ministries and Crown agencies; report on broad social and economic outcomes spanning organizational boundaries; and link government performance measures to costs. While earlier Strategic Plan Reports showed promise, the quality of the reporting has regressed over time.

Granted, measuring performance across an entire provincial government is challenging. Unlike financial reporting where everything is measured in dollars, no single unit of measure exists for performance results. However, the Strategic Plan Report does not explain how government's goals are translated into more specific objectives and performance measures, and what the strategies are for delivering those—such as the roles played by ministries, Crown agencies, school districts, health authorities, colleges and universities. We believe the annual report of the whole of government should be prepared on the same basis as the government's financial statements, which encompasses the government reporting entity.

Recommendation 2

We recommend that the government's Strategic Plan and Strategic Plan Report:

- **be prepared in accordance with the BC Reporting Principles;**
- **provide stronger linkages to ministry annual reports; and**
- **reflect the performance of all organizations within the government reporting entity.**

Crown agency accountability stronger, ministry reporting improves but lags behind

When the BTAA was first brought into force, some Crown agencies expressed concern over how they would be able to implement robust public accountability. Because they are run by independent boards, and hence have greater autonomy from government, some people from the Crown agency community saw an inherent conflict between transparency and the commercial nature of their operations. They argued that public accountability, as envisioned by the BTAA, did not have a place in Crown agency governance. Ministries, they felt, with their central leadership and lack of commercial enterprise, would find it easier to meet the Act's requirements.

These concerns were driven not only by the nature of agency operations, but also by the belief that service plans should serve a dual purpose as both an accountability and management tool,[9] and so would contain sensitive strategic information. Over time, the notion that annual reports should be all things to all people has given way—appropriately in our view—to a focus on public accountability. We believe good accountability is a by-product of strategic and operational planning, not a substitute for it.

As our assessments show, the quality of reporting in the Crown agency sector has ended up being significantly stronger than that provided by ministries. We see several factors that may explain why this has happened.

[9] See Crown Corporation Secretariat response to *Building Better Reports – Public Performance Reporting Practices in British Columbia*, 2001/2002 Report 3, pg 50.

One is that, generally speaking, Crown agencies have better goal clarity than do ministries—that is, their mandate and priorities tend to be less ambiguous. Crown agencies tend to have clearly defined products. Ministries typically have multiple mandates that sometimes conflict: progress in meeting one often comes, of necessity, at the expense of another. Ministries have also been challenged to define measurable results that are clearly attributable to their policy work.

Another factor is that the level of support provided to ministries has been different from that provided to Crown agencies. Over the last seven years, the Crown Agencies Secretariat (previously known as the Crown Corporations Secretariat) has taken responsibility for the performance reporting initiative, running workshops and providing advice and detailed guidance on how to report. The guidance it has given to Crown agencies for preparing service plans and annual reports (service plan reports) has included clear minimum reporting standards, consistent with the BC Reporting Principles.

By contrast, the guidance provided to ministries has been inconsistent. Ministry staff are required to follow the specific guidance provided to them. In some years, the guidelines have offered ministries the general instruction that their reports should conform to the BC Reporting Principles while at the same time contradicting the principles, either explicitly or by omission. For instance, rather than using the BC Reporting Principles as the basis for annual report guidance, as recommended by the PAC, the guidelines provided to ministries for their 2003/2004 reports noted that the Principles were only "a tool to assist in the development of service plans and annual service plan reports"[10] and "that more work is needed to operationalize the BC Reporting Principles if ministries and agencies are to implement these consistently and efficiently".[11]

A couple of years ago, responsibility for performance planning and reporting was placed with the Office of the Premier. Additional support staff were assigned and a reporting relationship was set up with one of the Premier's Deputy Ministers. We have noted improvement in the quality of guidance to ministries, such as advice to limit the number of reported performance measures used. We hope this will translate into improvement in the quality of reporting, although as already noted, the quantity of performance measures is of less significance than the quality.

[10] "Guidelines for Ministry 2003/04 Annual Service Plan Report," Planning and Estimates Branch, Treasury Board Staff, Ministry of Finance, pg 4

[11] Ibid, pg 5

We note that a section of the BTAA requires the Public Accounts to conform to generally accepted accounting principles. We believe there should be a similar requirement for performance reporting to conformity with agreed-upon performance reporting guidance. While a legislative amendment would enshrine this requirement most firmly, we recognize that performance reporting standards are still evolving and it is too early to recommend a legislative amendment. Therefore, we make the following recommendation:

Recommendation 3

We recommend that guidelines provided to ministries for the preparation of service plans and annual reports (service plan reports) be fully consistent with the agreed basis of presentation in British Columbia—the BC Reporting Principles—and require full compliance with the principles.

The BTAA presented an opportunity to rebuild public confidence in public sector institutions by providing meaningful information on their plans and results. Some organizations have firmly embraced this opportunity and are presenting the public with accountability information that clearly outlines what they planned to do, how they went about it and how well (or not well) they performed. We applaud these organizations—notably, WorkSafeBC, the Public Guardian and Trustee, the BC Assessment Authority, the BC Housing Management Commission, BC Hydro, the BC Lottery Corporation and the Columbia Power Corporation—for demonstrating such leadership. There will always be room for improvement, but each of these agencies has embraced its accountability obligation.

In Canada, performance reporting is gaining traction on a national basis. Recently the Canadian Institute of Chartered Accountants, the body responsible for setting standards for financial reporting in this country, issued a Statement of Recommended Practice for Public Performance Reporting by governments and a *Guide to Preparing Public Performance Reports*. The accountability expectations outlined in these documents are very similar to those in the BC Reporting Principles, suggesting that British Columbia has been at the forefront these last few years.

The recommendations in our report are intended to build on the progress already made and to keep British Columbia at the forefront in accountability reporting. In this section, we summarize several other areas where accountability and performance reporting could also be improved.

Require accountability by all government organizations

A year after the BTAA received royal assent, it was amended by a different administration. In doing so, the new government not only affirmed its support for the BTAA, it strengthened the legislation. Among other things, the amendment required the financial statements of government to conform with Canadian generally accepted accounting principles and required Ministers to sign off on both service plans and annual reports.

The BTAA's definition of "government organization" implied that its accountability requirements applied to school districts, universities, colleges and health authorities (the SUCH sector),

although this was not specifically stated. However, in 2004, a further amendment to the BTAA removed any ambiguity on this point by specifically excluding the SUCH sector from accountability requirements.

SUCH sector organizations make critical contributions to the quality of life of communities across the province, and play a significant role in delivering government's priorities. In addition, the total amount of funding flowing through the SUCH sector represents approximately 80% of government's total expenditure.

In our view, each SUCH sector organization should be publishing a service plan and annual report. We recommended this in our 2006 Building Better Reports issue, and continue to believe it has merit.

Recommendation 4

We recommend that health authorities, school districts, colleges and universities be subject to similar accountability for their planned and actual performance as the ministries and Crown agencies of government.

Make more use of performance reports

There are few signs that performance reporting is resonating with members of the Legislative Assembly. Legislators expressed enthusiasm concerning performance reporting when the BTAA was introduced, and continued to express support when it was updated. However, other than the fact that annual reports are tabled in the Legislative Assembly, actual performance compared to planned performance as reported by government has rarely been subject to public debate. This, in our opinion, remains a significant gap.

The whole point of annual reports and measuring accountability and performance is to report, to measure, to hopefully learn from the mistakes that were made, to have other ministers learn from the successes that were accomplished and, hopefully over the years, to improve the performance of government. That's the whole point.

– Gary Collins, former opposition MLA and later Minister of Finance, on introduction of the BTAA, June 2000

On the other hand, service plans (that is, documents that look ahead to the future) are often a subject of discussion in the Legislative Assembly. Looking ahead is obviously important, but by debating future plans in the absence of past performance, legislators are missing essential context—to understand where you plan on going, it is important to know where you have come from.

Failing to close the accountability loop means that members of the governing party are missing the opportunity to demonstrate and celebrate their government's successes, and that opposition members are missing the opportunity to use performance information to hold government to account.

The Select Standing Committee on Crown Corporations (CCC), is the exception. The CCC is a committee of the Legislative Assembly with representatives from both political parties and a mandate to "review the annual reports and service plans of British Columbia Crown Corporations." It usually selects different Crown agencies each year to review.

No other committee of the legislature does the kind of analysis the CCC does, and we know of no plans to expand the public scrutiny of the plans and reports of the rest of government.

The CCC's review of performance is a leading edge practice that is consistent with a 1995 recommendation of the Public Accounts Committee: that all annual reports stand referred to legislative committees. Holding any organization to account for what it has done relative to what it said it would do is the cornerstone of accountability. It is the fundamental rationale underlying the BTAA's requirement to produce service plans and annual reports. Producing public reports and tabling them in the Legislative Assembly without debate and discussion is not, in itself, enough.

Recommendation 5

We recommend that legislators have the opportunity to publicly scrutinize, in a systematic way, the planned and actual performance of ministries, Crown agencies and the SUCH sector—in essence, all organizations within the government reporting entity.

Why the apparent lack of interest in annual reports? It could be that they are too detailed and not very interesting to read. The same can be said of the financial statements of government which, it is commonly understood, are impenetrable to most readers. Nevertheless, both of these bodies of information are essential for full accountability. The challenge in making annual reports shorter and more reader-friendly is that there must still be sufficient substance if the reports are to be meaningful. The public interest is not served where brevity comes at the expense of transparency.

Other jurisdictions, primarily in the United States, are experimenting with four page "citizen-centred" reports, aimed at providing simplified information intended for a wider public audience. A few organizations in British Columbia have produced similar summary reports. It may well be true that a

more user-friendly performance summary may appeal to a wider audience, and certainly this is an idea worthy of further exploration. But however useful these summaries may prove to be, we think they still must be backed up by more detailed reporting. Otherwise, the risk in this process is that summaries will become more of a promotional tool for the government of the day than a vehicle for meaningful communication between government and its citizens.

Recently, the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants issued a Statement of Recommended Practice calling for public sector performance reporting that is very consistent with the BC Reporting Principles. As this is adopted across the country and experience in performance reporting grows, the combined experience of many jurisdictions will likely shed light on how best the objectives of the BC Reporting Principles can be achieved.

We encourage government to join us in monitoring developments in performance reporting across Canada and around the world as we search for evolving best practices and innovative means of connecting with the audience.

Another issue we plan to explore is the role that credibility (or, perhaps more accurately, the perception of credibility), may play in determining the extent to which performance information is used. If the objective of performance reporting is to reduce public scepticism, thereby bridging the gap between governments and their electorates, then the initiative will fail unless readers believe the information they receive from government is credible. It has been our view from the outset that the credibility of performance information will always be questioned unless it is accompanied by some form of assurance.

Provide readers with more assurance

Assurance is a process by which users of reported information can assess its relevance and reliability and decide whether they have confidence in that information.

For financial reporting, the concept of assurance is well developed. The financial statements of governments and any public company are considered incomplete unless they include the opinion of an independent external auditor stating that they are fairly presented in accordance with generally accepted accounting

principles. Frequently underlying these audit opinions is the work of internal auditors and subject matter specialists. The general principle behind audit opinions is that information presented with assurance of its reliability is more credible than information presented without such assurance.

We believe that the same principle holds true for performance reporting. Performance data presented without some form of assurance is inherently less credible than data presented with assurance.

In its report *Reporting Principles: Taking Public Performance Reporting to a New Level*, the CCAF-FCVI Inc. (a non-profit research and education foundation) describes assurance as a continuum of confidence that users can place on performance information. This assurance continuum includes the following:

- *Implicit assurance:* Users examine the contents of a report and make their own conclusions regarding the accuracy, relevance and completeness of the information. In essence, readers are being asked to "trust me." In our view, implied assurance is really no assurance: readers favourably disposed towards a government will take its reporting at face value, and those in opposition will discount it as inherently unreliable.
- *Affirmed assurance:* Management accepts responsibility for reporting and publicly affirms that it has done so. This reflects the current state of reporting for most of the British Columbia government. Ministers and board chairs/CEOs note their responsibility for reporting in both service plans and annual reports. This is an essential first step, but provides little assurance beyond the "trust me" stage.
- *Described assurance:* In publicly affirming its reporting responsibilities, management further discloses: the basis for its judgements in choosing performance indicators and evaluating performance information; the steps taken to validate data; and any limitations or uncertainties. Described assurance begins the process of proving to readers that data is relevant and reliable, thus advancing performance reporting from "trust me" to "show me."

- *Corroborated assurance:* An independent third party evaluates and provides assurance on the performance measures chosen, the process by which performance data is collected and reported, and the way in which performance results have been interpreted. This is the highest level of assurance. In addition to providing readers with confidence about the quality of reporting, the processes underlying corroborated assurance give organizations themselves assurance that the data they use for business decisions is accurate. Corroborated assurance advances performance reporting from "show me" to "prove it to me."

I wish to move [this] amendment.... Performance Plans and Performance Measures must be audited each year and these audited results be included and form part of the Annual Report of the ministry or government organization.

– Rick Thorpe, former Chair of the Public Accounts Committee and current Minister of Small Business and Revenue and Minister Responsible for Regulatory Reform, debating the BTAA, June 2000

The concept of auditing annual reports is not new. It was talked about by the Public Accounts Committee in 1995 during its deliberations of accountability. The audit of annual reports was publicly discussed again in 2000, this time in the Legislative Assembly as it debated the terms of the BTAA. Also, in February 2002, the Public Accounts Committee "endorse[d] the principle that independent assurance should be provided on the reliability of information that ministries, government organizations and government as a whole provide in their annual service plan reports and that assurance should be included in annual reports."

To date, we have provided corroborated assurance for the annual reports of three organizations: the Public Guardian and Trustee, WorkSafeBC and the BC Assessment Authority. For the first two, we provided audit opinions stating that performance was fairly presented in accordance with the BC Reporting Principles. What this means for readers is that these reports contain reliable information on the organization's actual performance in relation to its planned performance and that relevant information, as described in the BC Reporting Principles, is also presented.

We no longer live in a "trust me" culture—citizens today take little at face value. A sceptical public now demands that government "prove it to me". We believe that assurance should be a user-driven process. In time, assuming there is demand from users, we believe more organizations should provide their readers with corroborated assurance.

British Columbia is not alone in its accountability efforts. Governments in other jurisdictions around the world have, in some cases for several years, explored how best to meaningfully measure, monitor and report on the achievement of results. Most continue to grapple with the issue. If performance reporting were easy, everyone would be doing it and doing it well. Clearly, practice will continue to evolve as experience is gained and as public expectations evolve.

Overall, we recognize that the quality of performance reporting in British Columbia compared with that elsewhere is relatively strong. However, the province will not retain this leadership position for long unless it reinvigorates its efforts and adopts an attitude of continuous improvement.

We hope this report will help point the way.

Summary of Recommendations

Recommendation 1

We recommend that each ministry focus on developing short- and long-term measures of performance that have enduring relevance. In developing these measures, consideration should be given to how reliable data will be collected and results will be analyzed in a timely way.

Recommendation 2

We recommend that the government's Strategic Plan and Strategic Plan Report:

- **meet the BC Reporting Principles;**
- **provide stronger linkages to ministry annual reports; and**
- **include the performance of all organizations within the government reporting entity.**

Recommendation 3

We recommend that guidelines provided to ministries for the preparation of service plans and annual reports (service plan reports) be fully consistent with the agreed basis of presentation in British Columbia—the BC Reporting Principles—and require full compliance with the principles.

Recommendation 4

We recommend that health authorities, school districts, colleges and universities be subject to similar accountability for their planned and actual performance as the ministries and Crown agencies of government.

Recommendation 5

We recommend that legislators have the opportunity to publicly scrutinize, in a systematic way, the planned and actual performance of ministries, Crown agencies and the SUCH sector—in essence, all organizations within the government reporting entity.

Appendix

Appendix A: Office of the Auditor General: 2008/2009 Reports Issued to Date

Report 1 — April 2008

An Audit of Joint Solution Procurement and the Revenue Management Project

Report 2 — April 2008

Strengthening Accountability in British Columbia: Trends and Opportunities in Performance Reporting

This report and others are available on our website at: http://www.bcauditor.com.